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Combined Manoeuvres In Med?

London, Sept. 5.

The "Exchange Telegraph" today quoted Turkish newspapers as saying that the British, American and Turkish fleets—to carry out combined exercises in the Aegean Sea—are now lying between Greece and the Dardanelles.

Nine warships of the United States Atlantic Fleet, including the carrier, U.S.S. Franklin D. Roosevelt, are now in the Aegean and Britain has announced that her Mediterranean Fleet will cruise there after Sept. 19.

However, this is the first intimation given that there will be joint manoeuvres or that the Turkish Fleet would participate.

The United States and Britain have supported the Turkish rejection of the Russian proposal that Turkey share military control of the Dardanelles with Russia.—Associated Press.

INVITATION TO LONDON

London, Sept. 5.

An authoritative Whitehall source said today that the British Government has decided to invite several Jewish organizations to the London Holy Land conference without consulting the Jewish Agency.

Jewish groups invited, it was learned, include the Jewish Board of Deputies and Agudat Israel. Vaad Leumi, the Jewish National Council and the World Mizrahi are possible invitees.—Associated Press.

Radio Set Found In Shamshupo Chapel

London, Sept. 5.

Cross-examined by the defence counsel, Mr. G. O. Slade, the Reverend Herbert Davies, former Chaplain to the Forces in Hong Kong, who gave evidence in the trial of Major Cecil Boon today, said that some days after the search of the Shamshupo Camp chapel, he heard that a broken radio set had been found in the altar.

He agreed this would be a grave breach of camp regulations from the Japanese viewpoint.

Another witness, Major Arthur Grieve, said Major Boon said to him more than once that all he was concerned with was carrying Japanese instructions to the camp and learning the Japanese language. He added that the accused also said the officers in the camp were "not worth a damn." He could not get them to cooperate. On one occasion he talked about cooperation with the Japanese.

When in January, 1945, he approached the Camp Commandant with the request that physical training parades should be cancelled, because the men were not getting enough food and not living on European diet, Major Boon said: "I do not understand. I find it sufficient. I am getting plenty to eat."

Major Grieve also said that when he asked Major Boon to approach the Japanese for cancellation of physical training as the men were sick and could not stand in the rain with their shirts off, Major Boon refused.

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DEBATE ON THE BUDGET

Criticism Of Income Tax Proposals

Alternative Methods Put Forward By Unofficials

Though it was stated that there had probably never been an occasion on which Unofficial Members were in accord with Government to a greater extent than they are today regarding the financial position of the Colony as a whole, including the major items of expenditure and the means by which equivalent revenue could be found, there was much criticism at yesterday's resumed Budget debate in Legislative Council of Government's proposed Income Tax.

Doubts were expressed whether it would be possible to apply the British Income Tax system with equity in Hong Kong. Alternatives proposed were the imposition of a simplified form of the War Revenue Ordinance, a Business Profits Tax on a sliding scale, taxes on luxuries and amusements, hotel and restaurant bills, cigarettes and tobacco, alcohol, or cars and lorries.

Return Of Wives: New List Issued

Government yesterday issued the following further list of wives on the priority list for return to Hong Kong:

Priority	Name
No. 12B	Mrs. S. Croucher.
27A	Mrs. W. E. Younghusband.
98A	Mrs. M. H. Wilson.
119A	Misses B.M. & M.E. Morris.
129A	Mrs. H. L. L. Baker.
147B	Mrs. Foster (wife of F.W. Foster).
168A	Mrs. E. Maxwell-Holroyd.
161A	Mrs. M. K. Weight.
168A	Mrs. M. Pell.
180	Three sons of Mr. C. C. Caynes to accompany Mrs. Brownrigg.
222A	Mrs. M. I. Duck.
237A	Mrs. H. E. Marshall.
247A	Mrs. J. B. M. Jones.
278	Mrs. M. Melmoth.

The Hon. Mr. Leo d'Almada also made a reference to the "fine promises made during and since the war that discrimination is a thing of the past," while the Hon. Mr. M. K. Lo appealed for the giving of greater scope to locally employed Government personnel.

Reference to the housing shortage was made by the Hon. Mr. D. F. Landale, who said it was time returning civilians were "accorded that degree of priority which is more compatible with the present changed conditions."

The Hon. Mr. Leo d'Almada said: "I have no comments on the enormous expenses necessary for rehabilitating the Colony. A feature of this, and I fear, many budgets to come. How the funds are to be raised to meet the expenses is another matter."

"We have heard mention of income tax, a measure to which none could take exception were conditions in this Colony different. As things are, however, let me add my objection to those of the Honourable Members who will speak after me. To the reasons which they have advanced I add this—a human one. Your taxpayer discharges the less unwillingly if he is satisfied that every one in his class is also made to do so, and is not likely to be able to evade the obligation. Income tax in a place like Hongkong is very easily dodged, and I am certain that the people who will evade it wholly or in part will out-

number those who will pay it. Post-war morality is not of a high order, and in Hongkong it is particularly low.

Alternative Form

"Can we not have alternative forms of taxation or higher taxes instead, which would hit the classes at which an income tax is aimed? Can we not, for instance, have higher taxes on gin, whisky, and brandy, on cigarettes and tobacco, other than the cheapest brands, on private cars and lorries? Can we not raise the petrol tax for all vehicles save buses and taxis? Is there any objection to a surcharge on restaurant meals that cost more than a certain sum? Surely the bating tax could be largely increased? Should not the professional man be made to pay a substantial fee for his licence to practise? And if he must have a licence, is there any reason why a similar licence should not be required for business firms, shops, restaurants and the like? I urge Government to consider these suggestions. For myself, I would infinitely prefer to be taxed much more heavily in the above items whilst knowing that everyone else who eats expensive meals, drinks, smokes, and owns a car is being made to pay. With an income tax I would always bear a grievance born of my conviction that more than half the people who should be paying it were not doing so."

COMMITTEE TO STUDY TAXES

H.E. the Governor yesterday announced the formation of a Taxation Committee, on which Unofficial Members of Legislative Council will be represented, to study the best means of taxation for Hong Kong.

A full report of His Excellency's speech and the reply to the Budget Debate will be found in Page Five.

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BICYCLE BAN LIFTED

The "China Mail" understands that the ban on passenger-carrying bicycles is being lifted by Government for the period up to the end of October.

The move is a sequel to representations made by Chinese members of Legislative Council following Government's earlier refusal to rescind the ban.

Red Airman Does Bunk

Herford, Sept. 5.

A Red Air Force officer and his female companion have been arrested on the Dutch frontier after fleeing from the Russian zone of Germany in an airplane, British Headquarters announced today.

The plane first landed in the American zone where the officer, identified as Captain Pononarev, buried his uniform, after which the couple passed into the British zone and then into Holland.

The pair were taken into custody by Dutch police when they tried to dispose of several hundred thousand occupation marks, 60,000 Roubles and a number of rings and watches, all of which, British Headquarters said, they had stolen in the Russian zone.

Pononarev and his girl friend then escaped and fled for the British zone, but were halted at the Dutch-German border by Dutch frontier police and British officers.

The Russian Liaison Mission at the British Headquarters will take the couple into custody, the British Headquarters announcement said.—Associated Press.

New Deal For The British Tommy

London, Sept. 5.

Unnecessary restrictions on the liberty of the British soldier will be lifted following the detailed instructions issued by the British Army Council today in accordance with the proposals recently outlined by Field-Marshal Lord Montgomery, Chief of the Imperial General Staff.

Air France Unlucky

Paris, Sept. 5.

Yesterday's crash of an Air France liner brought the total killed in French plane accidents in three days to 49.

Yesterday's crash at Le Bourget occurred when the plane failed to clear the top of a factory, plunging the roof of a house to crash in flames.

Among the dead were Madame Sabit, 40, Egyptian-born in Luxembourg, and Mr. Benjamin Dabogul, 25, a Lebanese.

The factory which the plane hit is an automobile radiator factory about 500 yards from the airport.

A workman in the factory was killed when part of the roof caved in.

Eye-witnesses said that the plane, a DC-3 (Dakota) suddenly slowed up after leaving the ground, apparently with motor trouble in the engine, hit the top of the factory, tore through the roof of a house and crashed into the factory yard.

The Minister of Public Works and other high officials arrived on the spot later in the morning to take charge of investigations.—Associated Press.

DRAFT ESTIMATES BEFORE COUNCIL

Draft estimates running into 166 pages, showing details of revenue and expenditure for the eleven months of the current financial year were laid on the table in Legislative Council, on the second reading of the Budget Bill yesterday.

The revenue estimate of \$51,307,000 is more than \$5,000,000 less than the approved estimate for 1941-42, but this is entirely accounted for by the absence of the item of \$9,300,000 under the heading of War Taxation, which cannot be collected until the close of the financial year.

Liquor duties are expected to produce \$1,650,000 more than in 1941-42 and \$2,000,000 is anticipated from the new duty on proprietary medicines and toilet preparations. Receipts from entertainments tax are estimated at \$2,500,000 as against \$360,000 in 1941-42, the increase being explained by higher admission charges and the new scale of taxation.

Assessed taxes, due to war damage and a reduction in the rates, are expected to produce \$3,750,000 as against \$2,225,000 in the last financial year.

Receipts from the Office of the Custodian of Enemy Property are estimated at \$2,000,000, and the Department of Supplies, Trade and Industry is expected to contribute \$1,203,300 in revenue.

Defence Savings

The loss in revenue from the abandonment of sales of opium involves \$2,250,000. Water Revenue is expected to be up by \$300,000 to \$2,600,000 and Kowloon-Canton Railway receipts up by more than \$2,500,000 to \$3,402,900. The considerable increase in receipts from the line is due mainly to the resumption of working of the through line to Canton, producing revenue of \$950,000 in passenger traffic and \$1,500,000 in goods traffic. Land sales are shown at \$200,000, half a million less than in 1941-42.

On the expenditure side, H.E. the Governor shows a net reduction of about \$20,000 as compared with 1941-42. The C.S.O. is up by \$118,000, largely accounted for by increase of staff. Charitable Services are down from \$619,648 to \$156,745, by the elimination of an item \$450,000 for relief of refugees. Savings under the heading of defence are substantial, the

H.K.V.D.C. costing \$73,082 against a Budget estimate of \$224,251 in 1941, the H.K.N.V.R. \$8,200 against \$83,587, A.R.P. nothing against \$122,409, and (apparently) nothing is to be paid on account of Imperial defence contribution, which cost \$6,000,000 in 1941.

Education And Medical

The Education Department estimates total \$4,440,675 against \$2,321,605, increased grants to grant-in-aid schools and other subsidies involving nearly \$2,000,000 against only \$820,000 in 1941. K.C.R. estimates, with heavier traffic, are up by just under \$1,200,000. The cost of coal is shown at \$1,182,250 against \$270,233 in 1941.

The Medical Department is to cost \$10,004,880 against an estimate of \$3,820,504 in 1941. Large sums are required for bedding and clothing, the purchase of medicines and instruments, anti-malarial work etc. Personal emoluments are up by \$2,000,000 due to the creation of a number of temporary posts, notably in connection with the Tung Wah and Kwong Wah Hospital and the Jethro's Hospital, which previously received grants-in-aid.

More Terror In Bombay

Bombay, Sept. 5.

A new wave of stabbing broke out in Bombay today. Nearly 40 cases of "hit and run" stabbing were reported in the early hours. Four of the victims have died.

The rioters concentrated on quietly stalking their victims, stabbing them and then slipping away.

The police twice opened fire to disperse mobs. Troops and police struggled to cope with the many scattered stabbings by radio-controlled mobile units.

The total arrests since Sept. 1 now exceed 2,000 and an internment camp has been set up in a Bombay suburb to hold suspects.

Large numbers of people, particularly the labouring classes, are leaving the city after four days of riots. There have been heavy buildups on railways and coastal shipping services.

The stabbings continued into the afternoon when five or six cases per hour were reported. One suburban railway station closed down after a man had been knifed on the platform.

The Bombay Government, in a statement issued at 1.00 p.m. today, said: "The total casualties since Sept. 1 are 177 dead and 440 injured. Roundups during the same period totalled 1,408. The police opened fire on 59 occasions. In all, since Sept. 1, there were 21 cases of looting and 25 cases of arson."

Troops opened fire this morning in north Calcutta following a new outbreak of incidents between Hindus and Moslems. There were also cases of stabbings during the night and this morning.—Reuter.

The letter, couched in straightforward language, with a simple heading: "Subject: Improvements in the way of the life of a soldier," has reached every command in England and abroad.

Unnecessary parades are to be abolished, guards and pickets are to be kept at a minimum and fewer number of fatigues will be organised as task work. A general inspection other than the annual one will be carried out informally with only a few hours' notice.

The British soldier will not be warned for duty, need not obtain a pass but will merely "sign out" and walk out—in civvies at that. Clothing coupons are now being issued and more are expected as soon as stocks warrant it.

Privates may now associate with non-commissioned officers outside barracks, although the commanding officer may apply restrictions within the barracks, necessary for particular conditions of the command.

The programme also covers improved housing for the man and his family, better messing and comprehensive education.—Reuter.

THE WEATHER

General Situation:—Pressure is high over Central China and the Dutch Indies. A vigorous low pressure trough extends from Indo-China across the Philippines to Japan.

Today's forecast:—Light to moderate east winds. Weather continuing fine and very warm.

Yesterday's temperature:—Maximum:—81.3 deg. Minimum:—70.6 deg. Sunshine:—10.5 hours. Rainfall:—Nil. Max. Rel. Humidity:—85 per cent.

Athens, Sept. 5.

Eleven were killed and eight others wounded in a clash between "Communists" and "Royalists" between Sparta and Arkadia, the Ministry of Public Order announced. The casualties occurred after the "Communists" attacked three caravans of "Royalist" victrola caravans, the Ministry said.—Associated Press.

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DEATH

PERRY—F. W. D., 2/Lt., 2/9
Jat Regt., previously reported
missing, now officially pre-
sumed killed in action at
Singapore on or after Feb. 11,
1942, the only son of Mr. and
Mrs. F. A. Perry, Highcroft,
Radyr, nr. Cardiff, and
formerly of Hongkong.

PEACE

The democratic decision to hold the Peace Conference in public, and to have all issues determined by vote, now appears as a doubtful experiment. Its advantage has been in the revelation to the world whence come the major obstacles to a quick settlement; its disadvantage in the prolongation of discussions that promise no end. Had there been a common basis before the Conference assembled the futility of the recent proceedings would have been avoided, but the conflict of views was never resolved. Between the Soviet plan for the future reorganisation of Europe and that which appealed to Great Britain, France and the United States there could be nothing but conflict. Nobody who has watched closely the proceedings in Paris will pretend that the Big Four meetings now arranged can bring complete agreement, but they should serve to reduce differences, allay distrust and give the larger Conference more intelligent direction than it has had. Without that, peace would become a receding dream. From its start the work of the Conference has been hampered by the lack of close contact between the principal Foreign Ministers. Mr. Bevin has now endeavoured to get them once more round a table and out of the dangerous light of publicity. Plainly the success of his move will depend upon the extent to which the Soviet Minister will give his cooperation. Agreement cannot be reached on the basis that only one political system is possible for Europe, or that nations with different ideologies cannot pursue their lives in harmony. Peace can rest on no such foundation. If peace is genuinely sought there must be general abandonment of power politics and a restoration of the mutual confidence that was so fruitful in war. A world anxious to get back to some approach to normal life has seen with grave misgiving the paralysis of the proceedings in Paris.

NAVY REFORMS

Not all the changes in naval life announced by the Admiralty can come into immediate operation, but such of them as must wait upon financial or other considerations are an earnest of good intentions. Recently Lord Montgomery outlined plans for improving the amenities of the soldier's lot. So far as differing conditions allow, the principle of equality between all the Services is now being recognised. The new pay code benefits all alike. A special welcome can be given to the provision of grants to officer cadets under the Special Entry system, which provides some 40 per cent. of regular naval officers. It widens the field of choice, and should ensure that no eligible man will be barred from the quarter-deck by lack of means. One of the greater hardships of naval life, which may involve long periods on foreign stations, has been separation from all family ties. In future officers and petty officers will be allowed free passages and removal expenses for their families wherever accommodation is available. This may well be for some time rather a concession in principle than in fact, since the housing problem has to be solved. Similarly the decision that the Navy shall have married quarters at home waits on the possibility of providing the buildings that will be required. In up-grading naval schoolmasters to full commissioned rank the Admiralty recognises the growing

importance of education. Other minor changes that are foreshadowed and are already in operation should tend to make life in the Navy more attractive. They have the human touch, and sweep away some of the petty restrictions that promote discontent.

What struck me most painfully was that there was no relaxation of the communal feud, even when, for a moment, both sides seemed to have accepted the settlement. The Muslim League went on abusing Congress with a violence as shocking as it was ridiculous. If the Viceroy had succeeded in getting an Interim Government together, would it ever have worked as a team? This was so obvious that it gave the radical Left Wing of Congress their most plausible reason for rejecting the whole scheme. The Viceroy they argued, would still be the arbiter between the two main Indian parties, and Independence would be an illusion. This Socialist group, which looks forward to a bitter and violent struggle, was decisively defeated when Congress met in full session, but it has had its influence, none the less, on the more moderate leaders. Even Gandhi, at the end, confessed that his Inner Light was dim; and he gave no advice, either for acceptance or rejection.

One Achievement

In this turbid atmosphere there is one achievement on which we may congratulate ourselves: The Constituent Assembly has been elected. Chosen by the provincial legislatures under proportional representation, it is a fair, and even a distinguished, reflection of Indian opinion. The Europeans, wisely stood aside and, in addition to the chief party leaders, many non-party experts in various walks of life were chosen. Unhappily the Sikhs, now the most embittered of all the minorities, withdrew their candidates and will not be represented. Save for that flaw, here is a body well fitted to exercise sovereignty and to work out the shape of the Indian Union of to-morrow.

But before this Constituent Assembly could meet, the Muslim League has darkened its prospect by threatening to boycott it. This is a more serious threat than its preparations for "direct action". Muslims are capable of a formidable and aggressive solidarity. If they seriously believe that Islam is in danger. But do they yet believe that nonsense? The social composition of the upper ranks of the League is not suited to revolutionary action. Wealthy landowners and lawyers, many of them decorated with British titles, do not face prison gladly. Rioting there may be, but organised resistance on a big scale will not come in a hurry. To belittle Mr. Jinnah's influence for such reasons would, however, be foolish. His real power lies in his ability to boycott the Constituent Assembly. If it were to sit with only a handful of Nationalist Muslims on its benches, the Constitution it drafted would not bind the Muslim masses and could have no finality. With this weapon in his hand, Mr. Jinnah will use all his formidable gifts as a tactician to extort from Congress, or the British Government, a settlement nearer to his ambitions. That, indeed, is a relatively optimistic forecast. My own doubt is whether he wants a settlement at all: he may reckon that after some years of struggle and confusion the Muslims will be stronger than they are today.

Main Difficulty

Where does the main difficulty lie? Everyone has grasped the two obstacles to the formation of an Interim Government. First, the League demanded Hindu-Muslim parity in numbers. Secondly, Mr. Jinnah publicly vetoed the nomination of any non-League Muslim. This was a challenge Congress could not ignore, for it owes much to the moral courage of its Muslim adherents. But the gravest difficulty of all is that Congress accepted the Muslim's plan with inner reservations. When these were disclosed by its newly-elected President, Jawaharlal Nehru, in a reckless statement to the press, the Muslims had some excuse for their accusation that he had torn up the compromise they had accepted. Each side, in the protracted discussions with the Muslim, had yielded something substantial to the other. The Muslims accepted the idea of an Indian Union, but its scope was limited to three subjects—foreign affairs, defence and communications. In doing so, they declared in flamboyant language that

their ultimate aim was still absolute separation. On its side Congress, however reluctantly, did accept the Muslim's plan for the grouping of provinces within the Union. Not much of this was left after Nehru's unlucky statement. He made it clear that in the Assembly Congress would do its utmost to prevent the formation of the two Muslim groups, B and C. He then went on to say that the Hindu provinces, which Congress controls, would refuse outright to form their group, A. In other words, "Hindustan" would never come into existence.

The Crux

This is really the crux of the matter. Like all progressive Indians, the leaders of Congress are bent on building up a strong Centre, which can take charge of economic planning as well as external affairs. In this field the Centre, as the Muslim sketched it, would be impotent. It could not touch economic planning; it could not manage customs, tariffs, currency or credit; it could not even deal on an All-India footing with such an emergency as the present famine. But it is precisely over this economic charter of the Settlement that the Muslims have been and will be unyielding. They know their own backwardness; they dread the power of Hindu Big Business; they talk of Hindu capitalists such as the Nazis talked about the Jews. They mean, therefore, to do their own economic planning and they rely on tariffs to further their own ends. Congress, confronting this impasse, might have contented itself with a second-best. With "Hindustan" (the "group A" provinces) under its sway, it could have done its own economic planning over an area that comprises two-thirds of the Peninsula. This prospect it was rejected; indeed, it was hardly discussed. The view of the leaders was that an Indian Union with three or even four foci would be incapable of healthy life.

The result of the rejection of the "Hindustan" idea is that Congress is now bent on enlarging the functions of the

Indian Union. Nehru's argument was that it must deal with customs and tariffs; that it should levy income tax; and that it should have power to override the autonomy of the provinces in a grave emergency. In theory this may be sound doctrine, but it was calculated to rouse all the fears that haunt the Muslims. The qualified version of Pakistan was vanishing; even provincial autonomy looked insecure.

Not The Way

Muslims saw the Hindu majority riding roughshod over them in the Constituent Assembly, and arming the Union with powers and functions they never intended to concede to it. This was not the way to induce them to adopt a more liberal attitude. Their narrowness and bigotry spring from their fear of Hindu numbers and Hindu finance.

What, now, is to be done? No hopeful expedient remains, save to hand over responsibility

to Congress; let it form the most representative Interim Government it can get together, and deal as best it can with the boycott of the Constituent Assembly by the Muslims and Sikhs. We are bound by Mr. Attlee's declaration: no minority, not even this impressive Muslim minority, can be allowed to obstruct India's road to freedom. That is the first principle that should guide us. But it would be folly to suppose that the normal rules of democracy can work in this situation, without a generous disposition to compromise. The Hindu-Muslim feud was largely created by Tory policy; but it is now a hard fact, cemented by Mr. Jinnah's appeal to fanaticism. The "Jeser of his Two Nations" will not bow to majority rule. Within reasonable limits there must be conciliation.

Dogged By Past

It was difficult for Congress to make concessions so long as it was being pressed by British Ministers and the Viceroy to do so. It went a long way under their persuasion, but all the negotiations were dogged by memories of the past, when the British conqueror ruled by dividing. Throw the whole responsibility unreservedly on Congress itself, and it may rise to the height of this great argument. It believes that the Muslims are its brothers, linked to it by the ties of nationality. Its main task must be, then, to win their confidence and awaken in them also a sense of India's unity. It will have to keep order and do it, if need be, with Indian troops. It would incur a fatal moral discredit if it used British arms to establish its authority. It cannot rely on coercion; it must conciliate and strive to awaken in this embittered minority some response to its own generosity.

In some form it will have to concede the substance of Pakistan. This idea was repugnant to it because it came draped in a reactionary commercial ideology. But there is much to be said for a grouping of certain provinces on a

Pakistan

In some such way Congress may be able to win over the League to a measure of collaboration. If it were to offer its positive help in building up a Pakistan group in the North-West, would Mr. Jinnah in his turn enlarge the functions of the Indian Union? At the least, it ought to have customs under its charge as well as defence, foreign policy and communications. But it would be pedantic at this stage to dwell on details. No constitution will work in India and no enduring constitution can be devised, unless the leaders of Congress can transform the atmosphere of today and win the trust of the Muslims. They might, for example, offer Mr. Jinnah the presidency of the Constituent Assembly. This ageing man is ambitious. If he really desires a settlement, could he win for himself a greater place than this, in history? A crown of glory will go to the architect of India's peace.

Dim View Of U.S.-Russian Relations

New York Sept. 5.
Officers and men, veterans of the American Third Infantry Division which fought from Morocco to Berchtesgaden, expressed grave concern on their arrival in New York today from Bremerhaven over the current American-Russian relation in Germany.

Lieutenant John D. Krebs declared that relations with Russia "were so bad that a 14th Regimental combat team was formed, put through training and was ready to strike for Yugoslavia." Lieut. Krebs did not elaborate on his statement but declared that the Russians were supporting the black market in Germany and that thousands of Germans from the Russian zone were trying to enter the American zone. Associated Press.

Macao Celebrates V-J Day

Macao, Sept. 4.
The Chinese Community here suitably celebrated V-J Day. The whole city appeared gay with flags. Through the main streets acrobatic lion dancers entertained passers by and a musical at the Apollo Theatre, sponsored by the local Kuomintang, drew hundreds of patriotic demonstrators. Speeches included those of Mr. Lee Ping-shan, Secretary for the local Kuomintang; Dr. Kuo Tse-tan, Special Delegate for the Kuomintang in Macao; and Mr. Wang Shik-yue, of the Sun Min Chai Youth Corps. The Reclamation Ground was the venue for countless bonfires at night. There was an illuminated "Triumph Arch" and further afield a special platform for the performance of native music. Des. Own Correspondent.

CARNIVAL

By Dick Turner



"Either you train 'em to fly formation and spell out 'McGonagle for Mayor,' or else the city's quite feedin' 'em!"

ARAB ARMIES ARMING Three Forces Preparing In Palestine Illegal Traffic Increasing

(By Carter Davidson)

Jerusalem, Sept. 5. Arms for three Arab armies in Palestine are pouring into the hands of willing warriors these days from over the border, out of hiding and through the black markets.

British officers and men are one source of supply in the illegal traffic. Complete evidence of the three sources for arms and ammunition is visible in the Arabic quarters of the big Palestine cities and in small Arab villages.

The three military organisations now holding the supplies are: the Najada Futuwa and Jawallah (Arabic words for helpers, youth and scouts, respectively).

The supplies are not impressive, but the supply streams are deepening fast. At present, about half of the Najada's 5,000 men are armed, and one third of Futuwa's 13,000. What arms are held by Jawallah, the Moslem Brotherhood's Military Branch, has not been learned, but they are believed to be comparatively few.

The guns held by the Arabs are not of the quality found by the British army in Jewish underground caches. They are mostly revolvers, with a few rifles and fewer machineguns. They are less than 50 percent efficient and some date back to Turkish army days.

Over Border

The principal source of supply appears to be Arab tribesmen living just over the Palestine borders in Transjordan, Syria and the Lebanon.

Arab sources have told the Associated Press during the past week of their purchases in tribal villages, at such places as Jebel Druze and the towns of Transjordan where private ownership of guns without a licence is legal.

The second predominant source is the hiding places of guns stored by the Arabs, mostly in isolated villages, after the 1936 uprising.

The third and fastest increasing source of supply is the black market operated by British military officers and men stationed in Palestine.

Veritable Flow

This source, a trickle two months before, has become a veritable flow of munitions reaching to unlicensed owners at prices governed only by what the traffic will bear.

High military authorities requesting anonymity denied official knowledge of such sales, but one of them added: "There is no reason to doubt that that sort of thing goes on. After all, I have heard frankly of such cases in Lebanon and Syria, where French officers and men frankly and more or less openly sold arms and ammunition to the tribesmen.

There were even a few cases of Americans selling revolvers to the Arabs when the Yanks were in this part of the world."

An unimpeachable source gave the Associated Press an

eyewitness account of the delivery on Aug. 18 last, at 1045 a.m. of 40 Thompson sub-machine guns to a group of Arabs in Nablu.

The delivery was arranged by a British officer whose name, rank and unit is in the hands of the Associated Press.

On the same date, in the late afternoon, another lorry delivered 50 light automatic weapons to an Arab named Issa Hamzi. The delivery was arranged through a Palestine police officer who is also known to the Associated Press.

A week earlier, a British sergeant sold eight revolvers to an Arab in Gaza for £3 each. An Arab later showed the Associated Press one of the revolvers and said that he had sold the others for £5 each to other Arabs.

At least three other incidents of British Army personnel black marketing guns to the Arabs have been unearthed during a month's investigations.

When questioned on the possibility of British officers diverting into Arab hands guns found during searches of Jewish settlements, a military spokesman commented: "That is highly improbable, but I suppose it could be done."

Only Logical

An Arab highly placed in the command of one organisation, however, commenting on the source of the arms, said: "I suppose they are guns the British have been taking away from the Jews," adding, "the British more or less officially admitted they armed the Jews during the Arab uprising ten years ago. It is only logical that they arm us now to fight the Jewish terrorists."

British military sources declined to outline the procedure used for storing or disposing of seized munitions, except to intimate that they were stored in Palestine, with a few mounds being shipped to London for tests.

Almost as vital to the Arabs as arms supplies is the training in the use of the guns. Most Arabs know the familiar feel of a rifle in their hands but few know much of modern military co-ordination in armament use.

For that reason, there is drilling almost nightly in the hills and in a few instances, target practice has been witnessed. This is rare, however, because ammunition is scarce.

—Associated Press.

PRINCE'S CAR ACCIDENT

London, Sept. 5. Prince Bernhard of the Netherlands was showered with broken glass today but was unhurt when his limousine collided with a Dutch army truck in London.

The Prince's car was damaged but the Prince continued on his way. Prince Bernhard came to England by airplane to take the salute from Dutch cadets at Sandhurst today. He had arranged to fly back to Holland tonight.—Associated Press.

Belgium To Protest

Brussels, Sept. 4. The Belgian Government is sending by air mail to the Belgian Ambassador in Washington tomorrow a vigorous note of protest to the United Nations against the Spanish Government's alleged complicity in the disappearance from Spanish surveillance last month of M. Leon Degrelle, leader of the Fascist Rexist organisation, who was condemned to death in his absence by a Belgian court.

The Belgian envoy in Washington will present the protest to the United Nations.

The Belgian Government last night issued a strongly worded communication, drafted by the Belgian Foreign Minister, accusing the Spanish Government of "forthright complicity" and stating that a protest would be made to the United Nations.—Reuter.

BRITISH TROOPS IN GREECE

London, Sept. 4. The size of the British garrison in Greece will be reduced in the near future, the Foreign Office spokesman stated this morning.

One British division there will be split as part of the general re-grouping in the Middle East, personnel holding Staff appointments will be reduced and property used for military purposes in Greece will be de-requisitioned.

It is officially emphasised this is a military and not a political decision. There is still no decision about the general withdrawal of British troops from Greece.—Reuter.

KING FREE TO RETURN

London, Sept. 4. The Greek Prime Minister, Dr. Constantinos Tsaldaris, who arrived in London tonight on the Golden Arrow train from Paris, stated that he intends to stay in London for about two days for talks with King George of Greece.

After that, the Premier said, he would be returning to Paris and hoped to return to Greece in about a fortnight.

To the question whether he would formally invite the King to return to Greece, following

Sweden To Cut Credit To Russia

Washington, Sept. 4. The United States Government has been informed that Sweden will cut her proposed one thousand million krona (nearly \$20,000,000) credit to Russia and work out a trade agreement along modified lines, the Acting Secretary of State, Mr. William Clayton, said today.

Mr. Clayton said the United States might send a note on the subject of Soviet-Swedish negotiations but he doubted it. He said the United States Government were not aware that the Soviet-Swedish agreement contravened the general principles which the United States Government considered desirable in trade arrangements. It was felt, however, that the long-term bilateral agreement under discussion might conflict with multilateral trade arrangements round the world.

The United States, he said, objected to provisions which pre-empt the market for certain classes of goods over a number of years, and pre-empt the right of one country to supply those goods to other countries.—Reuter.

B.O.A.C. Engineers To Walk Out

London, Sept. 5. Sixteen hundred engineers employed by the British Overseas Airways Corporation, the British European Airways and the British South American Airways are coming out on strike on Sept. 12 from all air bases belonging to the three big corporations, following the breakdown of talks between the delegates of the Aeronautical Engineers Association and the Ministry of Labour this afternoon.

The Association's secretary, Mr. J. H. Stevenson, said after the discussions: "We informed the Ministry of Labour that we would advise our members to strike on Sept. 12 and that we would deliver strike notices to the British Overseas Airways Corporation this afternoon."

He added: "We consider that the Corporation will not be able to fly their aircraft when we have called our engineers out."

The Association is calling a meeting of its members on all bases belonging to the three corporations within the next seven days.

Machinery Not Adequate

The strike action is being taken because the BOAC will not recognise the Association. Mr. Stevenson said in his statement this afternoon: "The

Ministry of Labour are not prepared to take any more steps. They feel the BOAC are within their rights in acting as they have done."

"We made it quite clear to the Ministry that we had double membership in all corporations combined over all other unions. The Ministry made the point that the present negotiating machinery was considered adequate. We pointed out that our members felt it was not."

No official statement has, so far, been issued by the Ministry of Labour about today's discussions.

When the Ministry agreed on Tuesday to see representatives of the Aeronautical Engineers Association, it was made plain that this did not imply any departure from the attitude consistently taken up—that the question of the Association's recognition by BOAC was one for settlement between the two organisations.—Reuter.

Bombay Death Toll Rising

Bombay, Sept. 4. The savage Moslem-Hindu rioting casualty toll rose to at least 146 killed before the widespread curfew diminished the disorders. Rioting worsened during the day yesterday, with house to house fighting.

Police guns killed six in a mob which threw up roadblock and burned two trucks and two taxis. One high government official declared that "imported gangsters" from other localities participated in the fighting.

A group of both Moslem and Hindu editors agreed to appeal to the public for order. Authorities admitted that any incident might touch off new clashes.—Associated Press.

City Quiet

Bombay, Sept. 4. The city was quiet tonight after another day of communal rioting, a Bombay Government press release stated.

The press release, which recorded a deterioration of the situation in the north of the city during the afternoon, said 23 were killed during the day and 83 injured. Police opened fire 15 times between dawn and 7 p.m. and seven cases of rioting and six of looting were reported.—Reuter.

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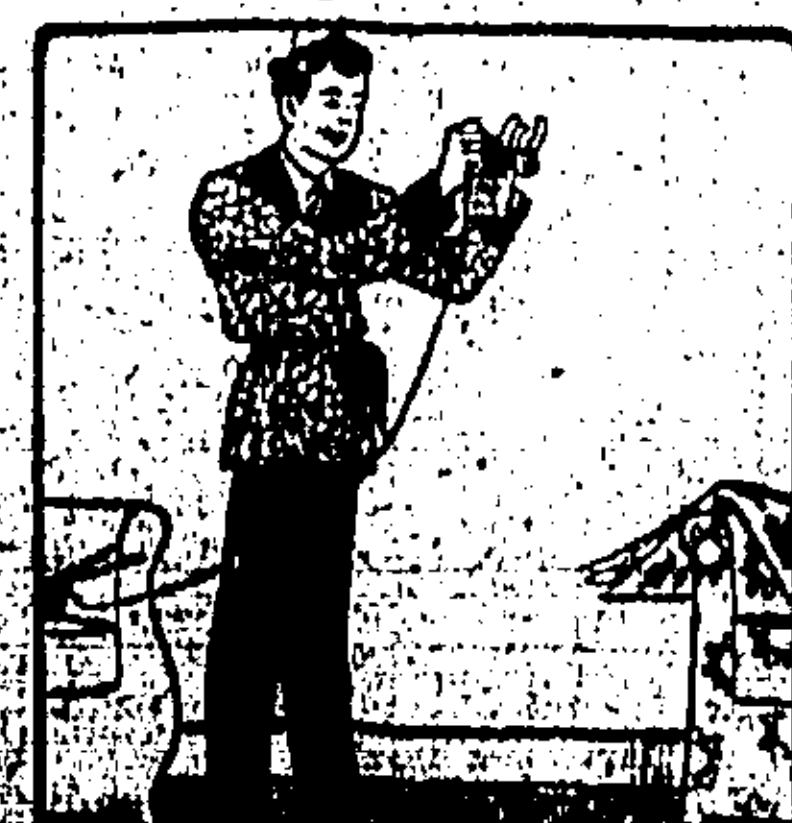
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BOOTS AND HER BUDDIES



Sneaking a Look



BY EDGAR MARTIN



CNRRA RICE THEFT CASE OPENS

The CNRRA Rice Case, to which there were originally 33 defendants on various charges of aiding and abetting in a larceny of 4,000 bags of UNRRA rice and receiving various quantities of the rice knowing the same to have been stolen commenced at Kowloon Court before Mr. W. H. Latimer with the withdrawal of the charges against 25 of the accused.

An imposing array of legal talent is appearing for the prosecution and defence. The complainant, CNRRA, being represented by the Hon. Mr. Leo d'Almada o Castro and Mr. Brook Bernacchi, instructed by Mr. A. J. Arculli, while Mr. E. H. Sainsbury is holding a watching brief for the Crown.

Three of the defendants on receiving charges, Chin Wing-yu, Ng Pak-hing and Chan Ng are being represented by Mr. M. A. de Silva, Chong Mui-tim, also on a receiving charge is being defended by Mr. Y. K. Kan, and Ng Chuen-hing (junkmaster), on an aiding and abetting charge, by Mr. Peter H. Sin.

The other defendants, who are not represented are, Yim Wing and Po Chi-cheung, junkmasters, on aiding and abetting charges, and Tsui King, charged with receiving. The eight defendants are on bail totalling \$42,000.

Valued At \$500,000

Opening the case for the prosecution, the Hon. Mr. Leo d'Almada o Castro said that the stolen rice amounted to 4,000 tons and had been sent to CNRRA direct from the United States, arriving here toward the end of May. The rice, valued at \$500,000, was loaded on two junks on May 31 and June 1, one of which was towed to the Yaumati Typhoon Shelter to await transport for Canton.

The theft occurred at various times from May 31 to June 8, a load being allegedly transferred to two junks belonging to Yan Wing and Po Chi-cheung, first and second defendant. The rice was packed in plain gunny bags and sold to various shops and dealers. These, the prosecution would attempt to prove, being the defendants on the receiving charges.

Police under Sub-Inspector Whitcroft, visited various rice

DRAFT ESTIMATES BEFORE COUNCIL

Under the heading Miscellaneous Services is included \$17,000,000 to cover high cost of living and rehabilitation allowances, \$455,000 for the University (which is also being given a special grant of \$10,000,000, 70 per cent, as a free gift and thirty per cent, as an interest free loan) roughly \$1,850,000 to cover hotel costs and rent allowances for Government servants, and \$1,000,000 to provide Government transport.

Pensions Bill

The pensions bill is up to \$4,115,000 against \$2,845,000. Repairs and maintenance charge under the head of Public Works Recurrent total \$6,051,350, owing to the heavy work required in restoring roads, drainage, waterworks, seawalls and piers.

Public Works Extraordinary appear in the estimates, showing the cost of rehabilitation at \$79,875,000 of which it is proposed to spend \$10,002,000 in the financial year 1946-47. The heaviest item is \$50,000,000 to replace destroyed Government buildings. Only half a million will be spent under this head in 1946-47. Restoration work is estimated at \$9,000,000, and \$2,000,000 is provided. It is proposed to spend \$2,000,000 on the purchase of motor transport for the F.V.D.

The schedule of special expenditure reveals requirements of \$6,217,340 for the Harbour Department, of which \$3,500,000 is for light-house equipment, \$1,120,000 for new launches and tugs and \$1,600,000 for repairs to existing launches and tugs.

Relief Claim

The K.C.R. is to buy fourteen new locomotives at a cost of \$2,520,000, machine tools costing \$637,200, and new carriages at a cost of \$2,000,000 and wagons, \$691,000. Repairs to Beacon Hill and Tai-po tunnels will involve \$1,540,000.

The cost of Government operation of the electric companies is shown at \$3,500,000, ex-gratia payments to Government employees not interest amounting to \$5,000,000 and a Foreign Office claim in respect of relief payments amounting to \$8,000,000 has to be met.

Re-equipping the Sanitary Department will require \$1,233,000, and special expenditure involving the newly created Development Secretariat (which has absorbed the Botanical and Forestry Department) exceeds \$1,400,000. Of this \$100,000 will go to an agricultural experimental station, and \$40,000 for development of a pig-breeding station.

Criticism Of Income Tax Proposal

(Continued from Page 1)

Their families and dependants in Mexico. I cannot imagine anything more unjust than to exact payments from family bread-winners who fought in the defence of this Colony when Government is so very liberal in the treatment of its own employees.

"Sir, may we have a full statement on these matters, a statement which, I earnestly hope, will show that Government is implementing all the fine promises made during and since the War that discrimination is a thing of the past!"

MR. LANDALE

The Hon. Mr. D. F. Landale said: "I would like to preface my few remarks with a word of congratulations to the Financial Secretary and his Department for having built a very formidable edifice without either bricks or straw and with only a very meagre quantity of cement. I should like also to express the hope that when the actual figures of expenditure come to be compared with his estimates there will not be too many discrepancies. It is perhaps only natural that after well nigh four years of enemy occupation the Colony should be faced with a Budget the size of which is out of all proportion to what it was accustomed to before the war and also, it is hoped, to what it will be stabilized at in a few years' time. I am constrained therefore to leave the items of expenditure without making very much comment. I would, however, like to refer to one item, although the amount is not very considerable. It is in connection with the Quartermaster's Office. It is not at all clear to a number of us what this Office's functions are. I should like to enquire whether it is the Quartermaster's Office who is responsible for seeing that Government's powers of requisition are carried out in accordance with the Defence Regulations and as amended by Proclamation No. 30 dated 1st April 1946, and also whether he has any control over Service requisitions?"

"Not Carried Out" There is a very wide spread feeling in the Colony that Government's powers of requisition are not being carried out in the spirit, as well as the letter, of the Proclamation to which I have referred; especially in regard to Article 2, Sub-section C, which lays down the principles on which Government's emergency powers should be exercised and limits their purpose in the following words: "to facilitate the re-adjustment of industry and commerce to the requirements of the community in time of peace."

"I submit, Your Excellency, that the method of administering the Government's powers of requisition are not being carried out with this in view. "Citizens are returning to this Colony and are finding that they are deprived of a number of their weapons of peace, weapons which in many cases were owned and acquired by them, be they Clubs, Institutes, Hostels, Flats, Offices, Cars, etc. They are the ones who still have to improvise and I submit that it is time they were accorded that degree of priority which is more compatible with the present changed conditions."

"I will not take up this Council's time by giving specific instances to illustrate the point I have tried to make but I could do so, otherwise I would not have made these remarks. "I can assure you, Sir, I fully appreciate the difficulties the Services are up against and I can only hope in their turn, Government and the Services appreciate the difficulties the commercial community are labouring under to restore the Colony to its former paramount commercial position."

Importance Of Committee "I have no further comments to make with regard to the various items of expenditure other than to express the hope that Government will do all its power to curtail expenditure to such essentials as will not retard the rehabilitation of the Colony. In this respect I am very grateful to see Your Excellency has set up a Committee under the Chairmanship of the Secretary for Chinese Affairs for this specific purpose. I can but hope that the gentlemen you have nominated to this Committee will be able to find the necessary time to carry out their onerous and important duties. It may well happen that after this Committee has been in session for a time my Unofficial Colleagues will suggest that Your Excellency applies for outside help. This admittedly would be an added expense but the results may be more rapid."

"I would now like to say a word about the Colony's revenue. The Financial Secretary, in moving the first reading of the Appropriation Bill, made reference to the fact that some form of income tax was under consideration. There is no doubt in my mind that ways and means must be found of increasing the revenue of the Colony. There is also no doubt in my mind that income tax as applied in the United Kingdom, is the most equitable form of taxation. There is, however, a very grave doubt in my mind whether it is possible to apply the United Kingdom form of income tax with the same degree of equity in a place like Hong Kong. This matter was very exhaustively enquired into by a Special Committee, of which I was a member, in 1940. Their findings, however, but my doubts and the War Revenue Ordinance took the place of an income tax. I hope, therefore, Sir, that before any final decision is reached on this subject this Council will be given ample opportunity of considering the matter of how best the Colony's revenue can be increased."

MR. CHAU

The Hon. Mr. T. N. Chau said: "Before I proceed with my comments I would like to congratulate the Hon. Financial Secretary on his able performance of a decidedly difficult task. This community owe him a debt of gratitude for having brought out a budget that is much less drastic than some people had feared. Though it cannot be said to be one that has aroused our enthusiasm, it is not one that should cause general despondency. In short, it is a practical and business-like budget."

"The first point I wish to deal with is the proposal to substitute a normal form of general Income Tax for the taxes now levied under the War Revenue Ordinance. I am afraid that this method of taxation, though almost universal in Western countries, is hardly applicable here, and will certainly find little public support, especially among the Chinese who constitute the majority of the taxpayers. The reason for this dislike is that it would involve inquisitorial enquiries into people's private affairs. This, I admit, is not a very cogent argument. But a much stronger reason against the imposition of this form of taxation is that it is easy to evade, and would require the employment of a large staff to deal with collection and checking; and I very much fear that the result will be far from justifying the energy and expenditure involved."

Opposition To Tax

"I have no hesitation in expressing the firm conviction that conditions in the Colony are now even less favourable to the successful imposition of a general tax on income than they were towards the end of 1939. May I remind you, Sir, that in November of that year the proposal to introduce this tax was very fully debated in this Council, and the Government felt obliged to discard it. "For this reason, Sir, I would urge the abandonment of this proposal. "Some people are also opposed to the Salaries Tax, as it is felt that while professional men and people in responsible positions in reputable firms, whose records can always be checked, would have to pay the tax, numerous others—and they form by far the majority—could easily evade payment, because there is no possible means of checking up on their salaries or emoluments. It seems to be a case of getting the honest to pay and allowing the dishonest to get off."

"I would advocate an increased levy on Business Profits Tax on a sliding scale, according to the amount of profit made; and I think that, if properly and efficiently administered, it should bring in a substantial amount to the Treasury."

"There are other directions in which revenue can be increased; for instance, luxuries and amusements could, in my view, well afford to bear a heavier burden."

Other Taxes "Consideration might also usefully be given to the following: (a) A sales Tax, either general or on certain selected articles. (b) A tax on increment values disclosed on the sale of leasehold properties when compared with their 1941 values. (c) A tax on hotel and restaurant bills. (d) A tax on mortgage interest."

"There is, also, heavy black-marketeering going on in the theatre, and if people can afford to pay more to the rac-

fers, there is no reason why a heavier tax should not be imposed, so that the money which people will in any case be paying, may flow into the public coffers for the Colony's benefit. "Turning to the expenditure side of the Budget, I wish to make a few remarks in regard to the Police Department. Heavy as the appropriation is for meeting the commitments of this department, I think that there are few who do not agree with me that more encouragement should be given to our Police Force in the way of better emoluments and rewards for meritorious service, if we are to expect them to discharge their duties wholeheartedly and efficiently under present abnormal conditions with crime so rampant. Their task is an unenviable one, often involving the risk of loss of limbs and even life, and the salaries they are receiving will not compensate them for the danger to which they are exposed in the discharge of their duties. I therefore advocate a revision of emoluments for the Police, commensurate with risks they incur, and responsibilities they are expected to shoulder; and I would also urge that a better scale of awards should be laid down for injury sustained in the performance of duty, as well as for capture of armed robbers and other services of outstanding merit. More liberal compensation should also be given to the dependants of those who have lost their lives in the execution of their duties. After all, if the community expect the Police to do their job well, they should be prepared to pay them well."

Medical Shortage

"My next point is in regard to the Medical Department. I am glad that my Hon. friend, Dr. Selwyn-Clarke, is once more at his helm. All old timers know what Dr. Selwyn-Clarke has done for the Colony, and particularly in the dark days for those in and out of internment. His good work, often done at great risk to himself, will always be remembered. "The Colony is at present suffering from an acute shortage of free medical service and hospital accommodation, and many people are unable to get the treatment or accommodation they need. I refer in particular to the poor who have to be turned away daily from the free out-patients department of the Government hospitals; and I hope that the Hon. Dr. Selwyn-Clarke will find means of extending these free medical services so that a larger number of the poor people may benefit. It seems to me to be just a case of putting more doctors on the job and allocating more medicine for these unfortunate people, many of whom are without the means of consulting a private physician."

"In conclusion I should like to make one general observation. "In making the necessary rehabilitation of this Colony, I feel that we must try, by every means possible, to avoid the burden falling too heavily on those who have suffered financially or otherwise from the disasters of the last few years. Whilst as a general principle, discrimination is to be avoided, it behooves us to devise methods by which relief and encouragement can be extended to those who after grievous losses are struggling to re-establish their businesses and their homes—often in competition with those whose losses have been negligible or have possibly profited by the years of war and the peculiar conditions resulting from the war."

MR. LO

The Hon. Mr. M. K. Lo said: "High cost of living, abnormally high labour costs, dislocation of trade, depreciation in the value of currency in terms of commodities, wholesale destruction of property and a serious lag between revenue and expenditure—these, Sir, are the bitter aftermath of a ruthless enemy's occupation. And so neither Your Excellency's review of the general financial situation in this Council on May 16, nor the Hon. the Financial Secretary's speech in introducing the Budget on July 26, occasioned any untoward surprise to this Council. We had realised, in the words of the Financial Secretary, that there was so much to be done in the way of repairs and re-equipment, and that the sums required would be very substantial indeed. And if the estimated deficit of nearly 115 million dollars, as announced by the Financial Secretary, somewhat exceeded even our dreaded expectations, we can at least console ourselves that it was not greater than it might have been."

"Sir, an estimated expenditure of over 100 million dollars for any financial year is a record for the Colony. I venture to think that the Budget Debate itself will constitute another record in this Council. I do not think that there has ever been an occasion on which the Unofficial Members of this Council have been in accord with Government to a greater extent than they are today regarding the financial position of the Colony as a whole, including the major items of expenditure and the means by which the equivalent revenue could be found. It is but common sense that 'rehabilitation cannot be a gradual process. To be effective it must be carried out with the greatest possible speed: so our repair programme must be the maximum which can be efficiently supervised by the staff available.' There will, therefore, as I venture to predict, be very little in the way of criticisms from the Unofficial members."

Taxes Question

"After all, this is as is to be expected. In the halcyon days of normality there was plenty of room for differences of opinion both as to the necessity for, and as to the conflicting priorities of any particular expenditure, even if there was nothing controversial as regards any items of revenue. Today we are confronted with a situation in which we must apply what money can be made available to rehabilitation and to the repair of the ravages of the enemy occupation. Moreover, in the past, in reviewing in retrospect the administration of the previous year, various aspects, even the minutiae of that administration, would strike different persons in different ways. But the financial year April 1, 1941 to March 31, 1942 was brought to an abrupt end on Dec. 25, 1941. And although many things, and even harsh things, could be said about various matters during that period, no useful purpose can now be served by our dwelling on that dismal prelude to the four years of darkness. I shall therefore content myself with a few general observations."

The Hon. the Financial Secretary has indicated that it is the Government's intention to examine the question as to whether it is desirable to replace the taxes now levied under the War Revenue Ordinance by a normal form of income tax. This subject was so exhaustively debated in this Council in 1939 and 1940 that I cannot feel justified in taking up more of this Council's time by repeating my views today. I hope, however, that before a final decision is reached Your Excellency will give due consideration to the Debates, which are fully reported in the Hansard for the two years. I may add that there is no difference of opinion that a tax in the nature of an income tax should be levied: the only question is as to the form in which that tax should be levied. The arguments in favour of the simplified form of the War Revenue Ordinance, and against the form of an elaborate Income Tax legislation, namely with undiminished force today."

Locally Employed

"The Hon. the Financial Secretary, in the course of his able speech, made a statement which has a universal satisfaction to the Chinese community and which I venture to quote: 'The Government is however fully alive to the necessity for reducing expenditure on Personal Emoluments to a normal figure at the earliest possible date and to the desirability of employing as many locally recruited officers as possible.'"

"In the Civil Service Debate which I had the honour to introduce in this Council on March 13, 1946, I ventured to cite various quotations as showing that the declared policy of Government ever since 1931, if not earlier, was to give a greater scope to locally employed personnel, in particular I quoted the statement of the then Acting Colonial Secretary in the Budget Debate in 1935: 'The Government has fully and frankly accepted that policy of replacing wherever possible European by Asiatic employees, but it must be evident that such a policy can show its full effect only gradually.'"

H.E. Sir Andrew Caldecott, in winding up the 1936 Debate to which I have referred, said: 'While therefore I am not prepared to subscribe to the letter of this Motion, I have a grateful sympathy with its spirit, and I will say now on behalf of the Government, that no vacant post on the establishment will be filled without examining the possibility of its reversion to a local officer will be envisaged from over-seeing without first examining the possibility of a local recruitment.'"

B.M.A.'s Lead

"In spite of these solemn declarations by Government there was not very much to be seen in the result of the implementation of that policy until it fell to the lot of the Military Administration to give to the local people a real chance in filling some of the important posts of the administration. Without any undue complacency I can confidently claim that the bold experiment of the Military Administration has been amply justified by results."

"I need hardly point out that the essence of the policy which has such an attractive appeal to the public is the recognition that local men can fill with distinction even the higher posts of the Administration. The corollary of this implication is that men occupying a given post should receive the same remuneration irrespective of race, the saving to the public being the absence of Home leave in England in case of a local occupant of the post. In connection with this subject I venture to put one question to Government, and to express one hope. The question is this: Will Government specifically give details of 'European' posts in, for example, the Education, Medical, Police and Public Works Departments to which it is likely that Chinese and other local-born officers have been, or will be, appointed in 1946-47, bearing in mind that the estimates of expenditure of these four important Departments of the Government Service form a large percentage of the total Estimates of the Colony?"

Scholarships "The hope I venture to express is that Government may consider the advisability of granting scholarships for the Hong Kong University, and through the University, for post-graduate studies in the United Kingdom, for those who are desirous of filling posts in the local Administration which require specialised or special qualifications."

"I am not a pessimist and it is no pessimism to recognize, as was pointed out by the Hon. the Financial Secretary, that in order to attain a quick rehabilitation we will at first have to expend some 200 per cent. more than we receive. It is obvious that the strictest economy must be exercised and every possible retrenchment effected. It was therefore a matter of gratification to me to read the recent announcement of the appointment by Government of a Committee to investigate the staffing of Government Departments and the possible adjustment of the rates of temporary allowances payable to certain grades of Government employees whose present salaries and allowances are found to be inadequate to meet the cost of living appropriate to those grades."

Aid From Home "I think it would be wrong to accept with complacency the prospect of nearly 115 million dollars deficit for the current year and a comparable deficit for the next one or two years. Knowing the total effort of the British people in winning World War II and the staggering financial responsibility they had and have to bear, it would ill become this Council to make any pressing or embarrassing appeal for help from the British Government. But if this Colony does possess any value as a part of the British Empire, apart from its being a port in which its residents carry on their lawful avocations for their individual benefit, it may well be that the British Government will think it right to afford to this Colony a measure of financial assistance which, though trivial in relation to Great Britain's annual expenditure, will be of the greatest assistance to the Colony. If so, I feel I can confidently say that it will be accepted with deep appreciation and gratitude. If there is no uncertainty as to the Colony's future, and with the possible financial assistance to which I have referred, I share the optimism of the Hon. the Financial Secretary in this prediction that a period of prosperity will and almost certainly follow."

"In conclusion I should like to pay my humble tribute to the Hon. the Financial Secretary for the able manner in which he has dealt with the very complicated finances of the Colony during a period of unprecedented difficulty."

MR. GILLESPIE The Hon. Mr. R. D. Gillespie said: "I should like to endorse what has been already said by my Unofficial Colleagues, and particularly the Hon. Mr. Landale's request that this Council be given ample opportunity of considering the question of how best to increase the Colony's Revenue before any final decision is taken. "While I entirely agree, of course, that ways and means must be found to increase the Colony's Revenue, I share the doubts already expressed by Hon. Unofficial Members that Income Tax is an equitable form of taxation for Hong Kong."

"I should like to suggest that the Special Committee referred to by the Hon. Mr. Landale be re-appointed to enquire particularly into the workings of the War Revenue Ordinance and to make recommendations, to which Government should give due weight, as to the most suitable forms of taxation for this Colony."

"There is one item in the Estimates on which I should like to comment, namely that of \$5,000,000 for 'New Civil Airport, Preliminary Expenses.' The Hon. the

(Continued on Page 5)

New Technique In Hold-Ups

A new technique in daylight robbery was adopted by three armed men yesterday afternoon when they held up their victims in a lift in French Bank Building and relieved them of over \$7,000 in money.

A foki of a firm in French Bank Building had just collected a remittance of \$7,000 and was returning to the office, unaware that he was being followed by three men. As soon as the lift gate was closed the men drew their revolvers and relieved the foki of his money. Another passenger in the lift had his wallet containing \$300 taken.

The lift was then taken down to the ground floor, and as the robbers left they ordered the lift boy to take their victims up to the top floor and not to give the alarm.

Consecration Of Rev. Halward

It was a brilliant summer morning on St. James' Day, July 25, 1946, when a consecration assembly in St. Paul's Cathedral, London, for the consecration of the Rev. N. V. Halward to be Assistant Bishop to the Bishop of Victoria, Hong Kong. The Diocese was well represented, and among the guests from the United States (Albany) the West India, (Nassau), West Africa, Gibraltar, Singapore, China, and England. It was specially appropriate that the Presiding Bishop could represent the House of Bishops in China. And it was indeed a significant moment when the Church of England and the Church in China, in the person of the Bishop of Chichester and Bishop T. K. Shen, together presented the new Bishop to the Archbishop of Canterbury "as a truly and well-trained man."

The fact that the Service was being held in this war-scarred Cathedral in the heart of London seemed to bring us near to China in her longer and deeper sorrow. And when the Archbishop of St. Albans (the Ven. Claude Wood) told us in his sermon that a Choral Eucharist was taking place in Hong Kong Cathedral, the same morning, the sense of our fellowship in the Spirit became very real.

The sermon, based on St. Matthew XX, 22, 23, from the Gospel for the day, was a pointed reminder of the challenge to life of complete surrender to which our Lord called, and still calls, His followers. The adventure is not our own, but His, in which we are called to share.

H.B. PROSECUTE

Two Chinese wine bottlers and two soy bottlers were warned by Mr. Horace Lo at Kowloon Court yesterday against a repetition of the offence when they appeared on a summons for breach of the Hong Kong Brewery and Distillery Company's trademark rights. They were convicted of having bottled wine and soy sauce in H.B. Beer bottles. Mr. F. G. Nigel prosecuted on behalf of the Hong Kong Brewery and Distillery Co.

ARRIVALS AND DEPARTURES

The s.s. "Tatpin" which arrived from India on Sept. 4, brought the following passengers: Mr. and Mrs. J. H. Willemant, Mrs. D. D. Brinkman and the Misses R. and O. Brinkman, Mrs. L. McNay and son, Mrs. K. J. Berthel and the Misses A. M. and S. Berthel, Mrs. O'Farrell, Mrs. M. Wang and son, and Messrs. F. R. Wells, E. M. Richardson, R. W. Norris and G. Wing Dunn.

Mr. J. Gavin of the Department of Agriculture and Mr. W. A. Murray, Admiralty Film Distribution Officer, were passengers from Korea, Japan.

There will be the usual weekly programme of recorded music at the Forces Education Centre, this evening at 8 p.m.

GOVERNMENT TO APPOINT TAXATION COMMITTEE

Formation of a Taxation Committee, to include Unofficial Members, which will consider "every other possibility of increasing the Colony's revenue," was announced by His Excellency the Governor, Sir Mark Young, winding up the Budget Debate at yesterday's Legislative Council meeting.

In the course of his speech His Excellency said the Colony's greatest need was a representative, self-managing and progressive public body (a reference to the prospective Municipality), and also said that every opportunity would be given by Government to locally recruited persons.

Replying to the debate the Hon. Dr. P. S. Selwyn-Clarke said: "Eight years ago the 'Technical Committee for the Reorganization and Improvement of Official Hospital and Clinical Facilities' reported to Government a deficiency of over 3,300 hospital beds. The Committee submitted a programme of expenditure of rather over ten million dollars which provided for some 2,500 additional hospital beds and for certain outpatient and welfare facilities. These proposals received the general approval of Government and the Secretary of State for the Colonies. Unfortunately, the Second World War intervened.

"At the time of the liberation just over a year ago, there were little more than 500 hospital beds available for the general public of which 200 each were in the Tung Wah and Kwong Wah Hospitals.

"Every effort was made to restore as rapidly as possible the services of which the community had been deprived of during the 44 months of Japanese occupation. Here, I should like to recall to Honourable members the courage and devotion to duty of those Chinese doctors and nurses who remained at their posts, and rendered invaluable service to the community at the risk of their lives and were responsible for saving the majority of the hospital patients from the fate suffered by the University, King's and Queen's Colleges, and other educational establishments.

"In less than a year after the liberation, my colleagues and their hard working staffs have succeeded in increasing the hospital bed accommodation from 500 to over 2,300 beds. During the same short period clinical amenities have been provided on the Island, the Kowloon Peninsula and the New Territories as far from home as Tai O—with the generous assistance in the early days of the Navy, Army and Air Force.

More To Do

"While progress has been by no means unsatisfactory, my colleagues and I share the views of my Honourable friend Mr. T. N. Chau and our distinguished medical colleague Hon. Dr. S. N. Chau, that a very great deal more remains to be done before we can approach the standard of medical service which it is our ambition to provide for all sections of the community and especially for the underprivileged whose needs have been so ably championed by the Honourable Unofficial Members of Council. I should like to assure my Honourable friends that His Excellency the Governor and his advisers are giving very earnest consideration to the improvement of medical (and health) services in this Colony. In the not distant future, it is hoped that the Lords Commissioners of the Admiralty will approve the necessary outlay on renovating the War Memorial Hospital on the Peak. This will release for the general public two floors at the Queen Mary Hospital which are occupied at present by the Royal Navy—a service which has rendered incalculable assistance to the civil medical department.

"His Excellency has sanctioned the reconditioning of Felix Villas which should provide nearly 100 much needed beds for curable cases of pulmonary tuberculosis. "Approval has, also, been accorded for the provision of temporary hutments in the grounds of the Kwong Wah Hospital. This will ease the pressure to some extent on hospital beds in Kowloon.

Appeal For Staff

"With such a colossal rehabilitation programme, it is obviously out of the question at the moment to press for the implementation of the recommendations of the Technical Committee to which I referred in my opening remarks. At the same time, Honourable Members may rest assured that everything humanly possible will be done to improve medical services in Hong Kong.

"May I end my remarks with an appeal to all Honourable Unofficial Members of this Council (who are specially interested in seeing such facilities restored) to assist my colleagues and myself

in persuading doctors and nurses to come forward and join the Medical Department which has suffered severe losses in the past few years and has a considerable number of vacancies.

"Perhaps the Honourable Unofficial Medical Member of this Council would help, too, by inducing colleagues who, like himself, possess special skill in certain branches of medicine and surgery to offer their services as honorary consultants, as is the practice in Great Britain and elsewhere.

"It goes without saying that the best equipped hospital, clinic or welfare centre is valueless unless there are trained nurses and skilled doctors to staff it."

Replying to the debate the Financial Secretary, Hon. Mr. C. S. Follows, said: "I shall now endeavour to deal with some of the points raised by Honourable Members. I will start with the question of payment of salaries to officers who were interned. The Honourable Mr. d'Almada enquired whether Government was under any legal obligation to make these payments and whether the Colony will be called upon to meet them. I do not propose to express any opinion on how far the doctrine of frustration applies in a case of this kind but clearly there is a very strong moral obligation. No one would seriously suggest that if a member of the Armed Forces is taken prisoner by the enemy he should not be paid during his period of captivity and surely the position is the same in the case of a civil officer who remains at his post and is interned when the area is overrun by the enemy. Any expenditure on salaries during the period of internment is naturally a charge against the funds of this Government.

"While I was glad to note that the Honourable Dr. S. N. Chau agreed with the justice of such payments I was sorry to hear that he objected to the manner in which the payments were made and what he referred to as 'complete disregard of established practice.' I should like to assure the Honourable Member that there was really no disregard of established practice. This Honourable Council was not reconstituted until May of this year, some seven months after the persons concerned had returned to their homes on their release from internment. Most of them had incurred expenditure during their period of internment for the support of their families and quite obviously a decision in regard to their arrears of salary had to be taken soon after their release. The Secretary of State made this decision not only in respect of Hong Kong but in respect of all the British territory in the Far East which had been overrun by the enemy. I hope that I have satisfied the Honourable Member that there was no intention to side track the legislature. The position merely was that there was temporarily no Legislative Council to consult and I think I can safely say that nothing of this sort can happen again while the Colony remains under any normal form of Government.

Relief Payments

"The question of the different treatment accorded to officers who were interned and those who were not interned has also been raised. As I explained some weeks ago in reply to a question in this Honourable Council, His Majesty's Government is prepared to give further consideration to this question. A Committee on which unofficials are represented has been appointed to make recommendations and it is still sitting. When their report is received it will be forwarded to the Secretary of State who will of course also have to pay due regard to the representations made on the subject by the Governments of Singapore and the Malayan Union. Quite obviously on a matter of this kind there must be a uniform policy throughout the British Dependencies in the Far East.

H.E.'s Speech

His Excellency the Governor said: "It has been a noticeable feature of this debate that Honourable Members of this Council, when faced with an expenditure sheet amounting to the immense total of \$107 million, of which nearly \$80 million represents recurrent expenditure, have directed relatively few comments and extremely few criticisms to the actual items of expenditure that have been laid before them. Honourable Members have in general accepted the position that the whole of this huge and burdensome outlay is inescapable and have recognized that their principal concern at the present time is with the revenue side of our budget.

Education Grant

"The Honourable Mr. d'Almada also commented on the small provision of \$3,200 included under the Miscellaneous Head of the Estimates to cover the expenses of the Repatriation Office. The work of this Office had largely come to an end by the date on which Civil Government was re-established and of the former staff only one stenographer now remains, the necessary supervision being exercised by the Secretariat. No provision has been included to cover the return passage expenses of persons repatriated under this scheme as the question of the incidence of the cost is still the subject of correspondence with His Majesty's Government. There is a separate vote to cover the cost of transport of Government servants from which the return passage of officials are being met.

"The Honourable Dr. S. N. Chau spoke of the importance of education and he would like to see an increase in that vote. The fact that the increase in expenditure in comparison with 1941 amounts to nearly two million dollars will, I hope, convince him that we have not been niggardly this year in regard to the amount of money which is being provided for this important Department. He will also no doubt be interested to know that we have just obtained authority from the Secretary of State to pay Anglo-Chinese and Vernacular teachers in grant-aided schools on the same scale as teachers in similar posts in Government schools. University trained teachers in grant-aided schools are already on the same scales as teachers with similar qualifications in Government schools.

Vernacular Classes

"The Honourable Member also referred to the lack of provision for primary Vernacular education. I should like to assure him that Government fully realise the importance of this and the Vernacular teaching staff today is considerably in excess of that employed in 1941. In fact there are more Vernacular classes in the Government schools now than there have ever been. Moreover among the schemes for which we hope to obtain grants under the Colonial Development and Welfare Act we are including one for the establishment of ten Primary Vernacular Schools which will accommodate 250 pupils each.

Before I conclude I should perhaps say a word or two in explanation of a number of differences which Honourable Members will have observed between the figures finally shown in the draft Estimates and those contained in the Appropriation Bill.

As Honourable Members are aware the first reading of the Appropriation Bill was taken before the printing of the Estimates had been completed in order that the Legislature might be given some information in regard to the financial position. Printing delays were greater than was anticipated and it was therefore decided to make a number of adjustments under Other Charges which were found to be necessary as a result of a further review of current costs. Provision to cover the newly approved rates of pay for the Police was also included and this had naturally resulted in an increase under Personal Emoluments. The original provision under the Treasury vote for the salaries of Cadet Officers and other unattached officers still on leave or who are on leave pending retirement was found to be inadequate in the light of later information received. Moreover various additional projects which were received after the first proof of the Estimates had been printed were incorporated under the Developmental Secretariat Head. The necessary amendments to the Schedule of the Appropriation Bill will be made during the Committee stage together with any further amendments which

may be recommended as a result of consideration in Select Committee."

Heavy Fines For Gambling

One of the biggest gambling dens in Hong Kong was raided by Police under Mr. L. C. Lumsden, A.S.P. (C), at 3 p.m. on Wednesday resulting in the arrest of 81 persons and the seizure of \$308,100 table money and a considerable amount of jewellery, from No. 20, Wing Lok Street, first floor.

When the Police entered the flat, games of "Fan Tan," "Pai Kua" and dice were in progress.

Appearing before Mr. George She at the Central Magistracy yesterday, the principal keeper, Li Tak, 42, was fined \$2,000 or one year's hard labour. The assistant keeper, Kan Ping, 30, was fined \$500 or three months, Chan Hak-ng, was fined \$750 or six months, Kwan Kai, \$250 or one month's, Luk Kung, 31, \$750 or six months and Wong Tung, 52, was fined \$500 or three months' hard labour.

Thirty-six gamblers who were present were each fined \$10, while 39 absentees had their bail of \$25 each estraited.

The table money seized during the raid was put in the Poor Box, while the jewellery will be auctioned and sold for charity.

All six keepers were recommended for banishment.

MONEY MART

There was no movement in Chinese National Currency yesterday, and rates closed at \$1.32 for futures and \$1.52 for spot (for CN\$1,000).

Gold was firm and rose from \$343 a tael at the opening to \$346 at the close.

Foreign currencies were also firmer, and there were buyers of U.S. dollars at \$4.65, Sterling at \$15.65 and Australian pounds at \$12.65.

WATCHES

SPECIAL NOTICE
To Stockholders, Dealers, Trade Buyers.
Buyers of Swiss Watches resident in the Sterling Area (British Empire) in a position to obtain Import Licences or the approval of the Local Exchange Control Authorities to remit funds to pay for Swiss Watches should send for Illustrated Price Lists of Ladies' and Gents' Watch Watches. Generous Discounts. All watches timed and adjusted in Swiss own Workshops and fully guaranteed. First consult your Local Bank—Send full particulars of your requirements to—
FEAR'S (Dist. Adm) DISTRICT 5, ENGLAND
Watch Manufacturers since 1840.

NOTICE

Notice is hereby given that, owing to ill health and by mutual arrangement, Mr. E. W. Westwood has as from 3rd September 1946 determined his connection with the business of DENIS HAZELL AND WESTWOOD and that henceforth Mr. Denis Hazell will carry on the said business under the same name as prior to the war, namely, DENIS H. HAZELL & COMPANY.

Dated the 5th of Sept., 1946—

DENIS H. HAZELL & CO.,

Chung Tin Building,
No. 5, Des Voeux Road, Central,
6th Floor.

BEN LINE STEAMERS LTD.

S.S. "Empire Witham"

having arrived from U.K. via Port of call, consignees of cargo are hereby notified that all goods are being landed and placed at their risk into the Godowns of The Hong Kong & Kowloon Wharf and Godown Co., Ltd., where delivery may be obtained as soon as the goods are landed.

No claims will be admitted after the goods have left the godowns and all goods remaining undelivered after 8th September, 4 p.m. will be subject to rent.

All broken, chafed and damaged goods are to be left in the godown, where they will be examined by Messrs. Carmichael Clarke on 6th September, 1946, at 10 a.m.

To comply with General Bonded Warehouse Regulations consignees must have in attendance a Revenue Officer when damaged dutiable goods are examined. All claims against the vessel must be presented to the Under-Signed within ten days of the ship's arrival, or they will not be recognised.

No Fire Insurance will be effected.

W. R. LOKLEY & CO. (China) LTD.
Hong Kong, 2nd Sept., 1946.

(Continued on Page 8)

NOTICE

It has come to the notice of the Company that certain persons are demanding payment from consumers for services rendered in connection with the supply of electricity to their premises. No payments whatever should be made except at the Company's offices where an official receipt will be issued. No members of the Company's staff except the receiving shroffs at the Company's offices are authorised to receive money on behalf of the Company.

It is requested that consumers should report any such cases to the Head Office of the Company.

The Company is determined to eradicate this nuisance and consumers are asked to co-operate by identifying the persons concerned when confronted with them.

The Hongkong Electric Co., Ltd.,
P. & O. Building,
3rd Floor,
Hong Kong.

Messrs. Gibb, Livingston & Co., Ltd.,
AGENTS.
Hongkong, September 2, 1946.

CHINA LIGHT & POWER COMPANY LIMITED

NOTICE

DEPOSITS

Consumers are advised that all deposits for electricity accounts should be paid direct into the Company's cash offices, either at Argyle Street or Yaumati (corner of Nathan Road and Wing Sing Lane).

No contractors or agents are authorized by this Company to collect deposits, and consumers are warned against making these payments.

CHINA LIGHT & POWER COMPANY LIMITED.

F. C. CLEMO,
Acting Manager.

Kowloon, 2nd September, 1946.

THE MACAO ELECTRIC LIGHTING COMPANY, LIMITED

NOTICE is hereby given that the Thirty-First Ordinary Annual Meeting of the Shareholders of the Company will be held at the Mezzanine Floor, Hongkong & Shanghai Bank Building, Hongkong, on Monday, the Sixteenth day of September, 1946 at 3 p.m.

By Order of the Board of Directors
JOHNSON, STOKES & MASTER

Shareholders are requested to inform the Company or the Secretaries the numbers of the shares held by them and also the numbers of the certificates.

Service Auction Rooms

Auctioneers, Surveyors etc.
Basement, French Bank Bldg.
A.E.B. de Sousa, Auctioneer.
Telephone 81867.

GOVERNMENT OF HONG KONG PUBLIC WORKS DEPARTMENT

NOTICE

The public is hereby notified that Plumbers' Licences have been issued to the following:

6th List	
Sam Hing & Co.	16, Tin Lok Lane.
Shun Fat	40, Yee Wo Street, Grd. Fl.
Hung Yuo & Co.	12, Tin Lok Lane.
Kwong Sing Loi Kee	Tsai Yuen St., Tai Po Market, N.T.
A. Wai	62, Stanley Street.
Kin Hing Construction Co.	Room 33 (3rd fl.) Stock Exchange Building, 144 House St.
Wang Ngai, M. W. & Co.	45, Leighton Hill Road.
Shewan Tomes & Co., Ltd.	Chung Tin Building.
Wing Wo & Co.	782, Nathan Road, Kowloon.
Kwong Ying Lung	871, Canton Road, Kowloon.
The Hongkong & Shanghai Banking Corporation	Hong Kong & Shanghai Bank Building.
Yue Sang & Co.	Kayamally Building.
Lam Woo & Co.	25, Des Voeux Road Central.
Tai Wo Shun Kee	1, Burrow Street, Grd. Fl.

Licences issued to the undermentioned plumbers have been revoked:

Lam Kee

Loung Tung Kee

(This list should be kept for reference)

V. KENNIFF
Water Authority.

CLASSIFIED ADVERTISING

20 WORDS IS FOR ONE INSERTION PREPAID, \$1 FOR EACH ADDITIONAL INSERTION. ADDITIONAL WORDS 10 CTS. PER WORD PER INSERTION

\$2

Replies are awaiting at our offices for Box Nos. 62, 61, 62, 88, 91, 100, 102.

WANTED KNOWN

NOWHERE else can you find such a dazzling world of genuine pre-war made tank camphor carved chests, pure silk embroidered garments, finest genuine jade-gold jewels of all descriptions, as those now shown at Mode Elite, 22 Queen's Road C. No price-haggling Export-orders filled.

FOR SALE

TWO seater 185 H.P. Stinson plane for sale. Total time under 500 hours. Box 115 "China Mail"

FOR SALE. Three vessels first British built steel hull oil-burning steamer, 121 gross tons, length 83 feet, beam 18, draft 6, speed 8 1/2 knots. Second woodhull 73 feet, beam 18, draft 6, speed 10 knots. Third 107 tons, Box No. 112 c/o "China Mail."

CODE-BOOK.—Acme Commodity Phrase \$150.00 Bentley Second Phrase \$120.00 Brand new, Telephone 31231, Room 420, Mr. Wang, Every morning.

NEW Typewriter Ribbons, all colours, \$6.00 each. Typewriters for hire, reasonable rent. Standard Typewriter Co., Alexandra Bldg., Ground Fl. Tel. 30591.

POSITION VACANT

SECRETARY. Applications are invited for the post of Secretary to a large British Public Company in Hong Kong. Applicants, who should be of British Nationality and not less than 30 years of age, should have had commercial administrative experience and possess a sound knowledge of accountancy, company and commercial law. All applications will be treated as confidential. Original documents should not be forwarded.—Box No. 111 "China Mail."

LAMMERT BROS.

Auctioneers, Surveyors and Appraisers.
Fodder Building,
Telephone No. 20224.

H.Q. RASC HONG KONG

Tenders are invited for the purchase of the following items as they lie at 102 Petrol Depot, Lai Chi Kok:

800 lbs Grease
Barrels 34 and 44 I G Capacity
Drums 4 I G
Containers 4 and I G

These may be inspected between 2 p.m. and 4.30 p.m. on 5th and 6th Sept., 1946.

Sealed tenders, showing price for bulk of grease and price per container or barrel, should be forwarded to H.Q. R.A.S.C., Victoria Barracks, Hongkong, before noon, 7th Sept., 1946.

AIR **THINKS** AIR
CONDITIONED

SHOWING TO-DAY AT 2.30 5.10, 7.15 & 9.15 P.M.

TARZAN'S NEW YORK ADVENTURE
WEISSMULLER OSULLIVAN

YOU NEVER SAW ANYTHING LIKE IT! THE MOST AMAZING PICTURE EVER FILMED! 1,000 NEW THRILLS!

SHIRLEY TEMPLE
IN
"KISS AND TELL"
COMMENCING TO-MORROW

In TECHNICOLOR!
COLUMBIA PICTURES presents
Rita HAYWORTH
TONIGHT AND EVERY NIGHT
with Janet BLAIR - Lee BOWMAN
MADE PLAY - LEE BOWMAN
Produced and Directed by VICTOR HATTE

Screen Play by Lester Samuels and Adam Finkel. Songs by Jule Styne and Sammy Cahn.

SHOWING TO-DAY AT 2.30, 5.15, 7.15 & 9.15 P.M.

THE SCREEN'S MIGHTIEST MOTION PICTURE ENTERTAINMENT!

CRASH DIVE
IN STIRRING TECHNICOLOR

with Tyrone POWER—Anne BAXTER—Dana ANDREWS
A 20th Century-Fox Picture!

FINAL SHOWING TO-DAY AT 2.30, 5.15, 7.30-9.30 p.m.

ORIENTAL
WESTERN ADVENTURE WITH A NEW ROMANTIC ACCENT!

TRIPLE TROUBLE...ALL FEMALE
when a sagebrush trouble-shooter tangles with a pistol-packin' Spitfire!

JOHN WAYNE ELLA BAINES
TALL IN THE SADDLE
WARD BOND - GEORGE MURPHY - BAYES
AUOREY LONG - ELISABETH RIDGON

COMMENCING TO-MORROW "NORTH STAR"

CENTRAL & ALHAMBRA

SHOWING TO-DAY
2.30, 5.15, 7.15 & 9.15 p.m. 2.30, 5.20, 7.20 & 9.20 P.M.

HOW ROMMEL LOST THE FIVE AMAZING SECRETS THAT MIGHT HAVE WON HIM NORTH AFRICA!

FRANCHOT TONE - ANNE BAXTER with Akim Tamiroff and ERICH VON STROHEIM As Field Marshal Erwin Rommel

FIVE GRAVES TO CAIRO

NEXT CHANGE
Paramount Pictures Present
"SO PROUDLY WE HAIL"
Claudette COLBERT—Paulette GODDARD—Veronica LAKE

4 SHOWS DAILY
CATHAY At 2.30-5.15, 7.15 & 9.15 p.m.
Wanchai Road, Wanchai.
GRAND OPENING TO-DAY
IT'LL CARRY YOU AWAY TO GAY BROADWAY
M.G.M.'S TERRIFIC TECHNICOLOR TOPPER!

"BROADWAY RHYTHM"
STARRING: GEORGE MURPHY
GINNY SIMS CHARLES WINNINGER

Campaign In Normandy Went As Planned

London, Sept. 5.

Field-Marshal Viscount Montgomery disclosed yesterday that the Allies, fighting "exactly" according to plan, achieved greater success than expected in the Normandy invasion because of "faulty strategy of the enemy."

In a dispatch published last night in the London Gazette, the British military leader said that the whole campaign was fought "exactly as planned before the invasion." Various phases of the operation dovetailed with almost uncanny accuracy, he declared.

BOMBS EXPLODE IN MADRID

Madrid, Sept. 4.
Bombs exploded in three food shops here today, one, in the centre of the town, being wrecked. There were no casualties. Two arrests have been made.

Observers in Madrid believed that "extremists" may have been inspired to protest against the rising prices and profiteering in Madrid by the recent events in Rio de Janeiro when troops were called out and tear gas was used against angry crowds who were protesting against inflationary prices and profiteering.—Reuter.

BRIDGE NOTES

"Please tell us whose fault this was," requests a Minneapolis reader. "We missed an easy game at no-trump, but we differ as to who was responsible."

South, Dealer
North-South vulnerable
S. A J 10 7
H. Q 6
D. K 8 5
C. A J 10 5

S. Q 6 3 N. S. K 9 8 4
H. J 10 7 3 W. H. 9 5 2
D. Q 10 6 2 E. D. 9 4
C. K 6 S. C. Q 9 8 4

S. 5 2
H. A K 8 4
D. A J 7 3
C. 7 3 2

The bidding:
South West North East
1H. Pass 15. Pass
2D. Pass 2NT. Pass
Pass Pass

"South maintains that his two bids expressed his entire hand, and that he couldn't bid a third time on a hand that was pretty close to a minimum opening bid. North insists that his bid of two no-trump was forcing, and that South should have taken him to game. Who was correct, or was it just an unfortunate hand?"

South was right. He had a minimum opening bid and couldn't really be expected to bid a third time with values that were barely enough for one bid. North's bid of two no-trump was not forcing at all, it was simply an invitation which could be accepted or refused.

It's true that good players hate to "hang" at a contract of two no-trump on the theory that a hand which will produce eight tricks at no-trump will usually provide some sort of play for game. But it's equally true that good players don't bid indefinitely on the same values and good players don't ask their partners to "stretch" for game if there is any simpler way of getting to the game.

North would have bid two no-trump, and quite soundly, if he had held only low cards in the red suits. Surely those two high cards in support of South's two bids were enough additional strength to warrant a jump to three no-trump. If North had bid three no-trump, South would have had no problem; as it was, North asked South to overbid as compensation for the underbidding of the North cards.

FRANCO-SPANISH RELATIONS

Paris, Sept. 5.
The Foreign Affairs Commission of France's Constituent Assembly decided today to call in President-Foreign Minister Georges Bidault next week for a discussion of French-Spanish relations.

The Communists and Socialists specially want assurance that no more steps will be taken towards a reopening of the Spanish border.—Associated Press.

TRADE

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Tommies Accused By Jews

Jerusalem, Sept. 5.
A charge that British troops were "willfully destructive" in their search of the villages of Dorot and Ruhama was made today by a Jewish Agency spokesman.

The spokesman quoted a report by Isaac Ben-Avi, president of the National Council of Palestine Jews, saying that at Ruhama, the water pumping installation had been "effectively ruined," that the communal bakery and kitchen were blocked up with earth, and that trees were felled and planted crops uprooted and that cattle were let out.

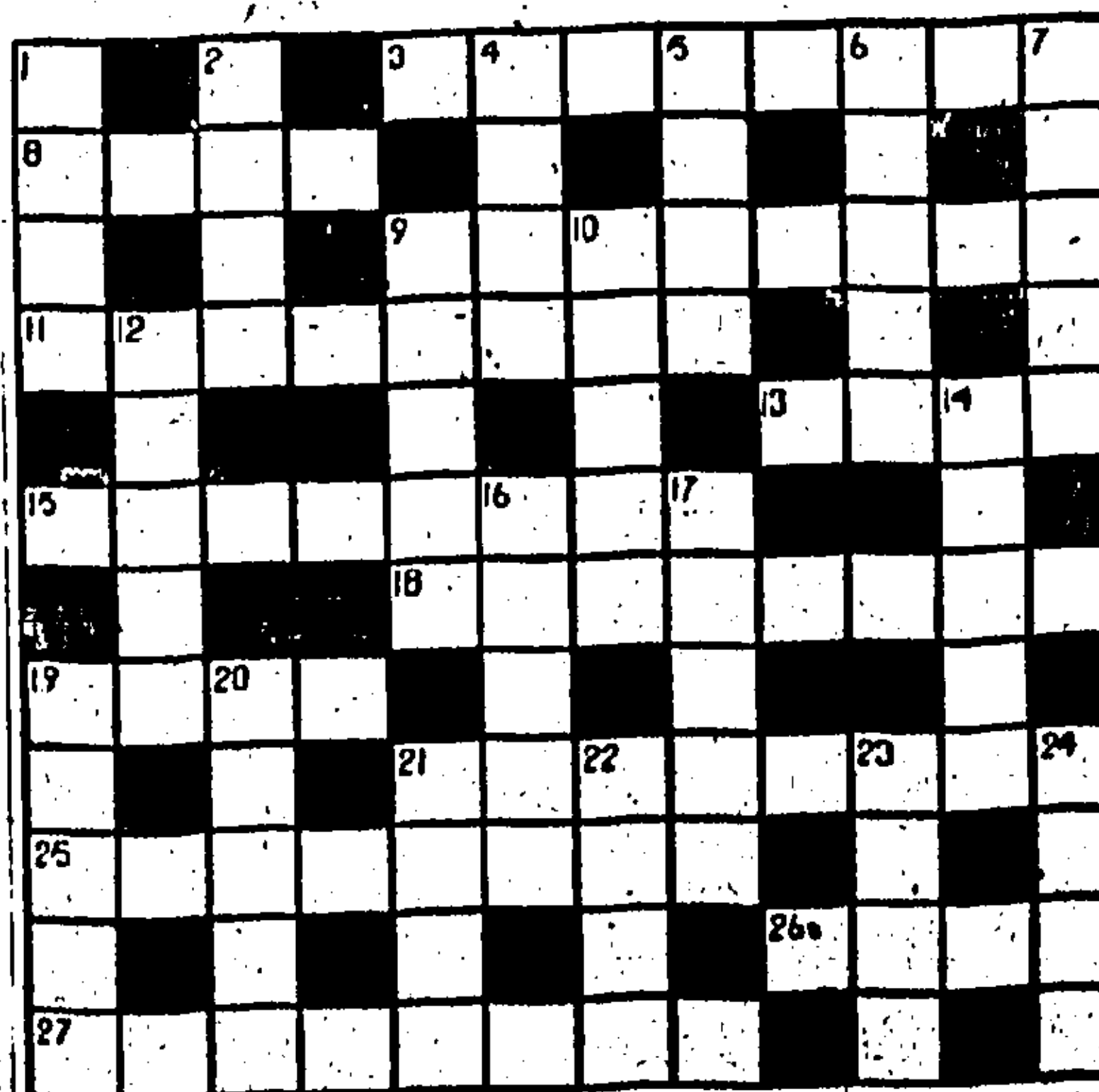
At Dorot, the report said, machinery was smashed and "a number of tools disappeared, tractors damaged, and watches, cloth and pens disappeared."

The destruction is explainable only by the "systematic propaganda" going on among British troops stationed in Palestine, the spokesman said.—Associated Press.

Jerusalem, Sept. 5.
The Government last night announced the appointment of H. L. G. Gurney as Chief Secretary of Palestine, succeeding Sir John Shaw, who resigned. Gurney, 45, has been Gold Coast Colonial Secretary since 1940.—Associated Press.

Batavia, Sept. 4.
Major-General D. C. Hawthorn, Commanding the 23rd Indian Division, arrived here today by air from England on the conclusion of his sick leave.—Reuter.

A BRITISH CROSS WORD PUZZLE



Across

3. Supposed.
8. Idle.
9. Knight.
11. Disciplinarian.
13. Fits of temper.
15. Static troops.
16. Bounding.
19. Promotion.
21. Fascinate.
25. Glacial fissure.
26. Surely.
27. Colonists.

Yesterday's Crossword

- ACROSS:—1 Sudden; 4 Force; 7 Latitude; 8 Meets; 9 Thrash; 11 Tinkled; 13 Conveys; 15 Object; 16 Magic; 19 Headman; 20 Trand; 21 Ensign.
- DOWN:—1 Split; 2 Drive; 3 Naughty; 4 Foeman; 5 Reveller; 6 Erased; 10 Renegade; 12 Isolate; 13 Combat; 14 Orchid; 16 Jest; 17 Tenon.

Down

1. Slender.
2. Just.
4. Lament.
7. Horridly quipped.
8. Ingenious.
9. Courtesan.
10. Polson.
12. Towards the back.
13. Pick-me-up.
16. Manifestations.
17. Halpate.
18. Hosiery.
20. Occurrence.
21. Nobleman.
22. Former emperor.
23. Midday.
24. Whirlpool.

FOUR SHOWS TO-DAY

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Mufti Still An Outlaw

Jerusalem, Sept. 4.
A Government Public Information officer said in reply to a question at a press conference here tonight that the warrant for the arrest of the Mufti of Jerusalem, issued by the Palestine Government in 1937, was still valid.

Meanwhile, it was officially announced tonight that military police patrols in Jerusalem are to be increased in strength and number following press reports of instances of rowdiness by British troops.

"A number of these reports have suffered from misrepresentation," the announcement added.

All cases reported to the authorities, the announcement said, will immediately be investigated and disciplinary action taken.—Reuter.

Jew "Quislings" Attacked

Jerusalem, Sept. 4.
The "Voice of Fighting Zion", radio of the Irgun Zvai Leumi, illegal Jewish organisation, tonight attacked Dr. Chaim Weizmann, President of the Jewish Agency, Dr. Nehum Goldmann, member of the Agency's Executive Council, and Israel Rokach, Mayor of Tel Aviv, as "Jewish quislings".

The radio urged the Jews of Palestine to "drive them out and set up your own combatant leadership."

"Organise mass action," the broadcast continued. "Cut off relations with the murderous British rule. Be prepared for any sacrifice, any limitations, because these are nothing compared with what awaits you if you agree to the British ghetto and do not destroy its walls before they are erected and fortified"—Reuter.

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New York, Sept. 4.
The Secretary-General of the United Nations, Mr. Trygve Lie, announced tonight that the United Nations General Assembly would be held on Sept. 10 as was planned.—Reuter.

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"PAKHOI"	(No Passengers) Shanghai 4 p.m. 10th Sept.
"FENGTIEN"	Singapore & Penang 2 p.m. 11th Sept.
"KWEIYANG"	Swatow & Bangkok 2 p.m. 12th Sept.
"ANHUI"	Amoy & Swatow 7 a.m. 12th Sept.
"TSINAN"	Shanghai 2 p.m. 14th Sept.

ARRIVALS FROM

"PAKHOI"	Tientsin & Tsingtao 7th Sept.
"KWEIYANG"	Bangkok, Saigon & Swatow 7th Sept.
"FENGTIEN"	Shanghai 7th Sept.
"ANHUI"	Amoy & Swatow 7th Sept.
"FOOCHOW"	Singapore 4 p.m. 11th Sept.
"TSINAN"	Shanghai 11th Sept.
"NANCHANG"	Singapore & Saigon 4 p.m. 12th Sept.

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"TATSHAN"	Sails 4 a.m. 7th Sept.
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	Arrives 6 p.m. 13th Sept.

Agents: BLUE FUNNEL LINE
U. K. SERVICE

Sailing	For
"ATREUS"	15th Sept. Port Said, Liverpool via Straits.
"PROMETHEUS"	late Sept. do do
	Arriving From
"BELLEROPHON"	8th Sept. U.K. via Straits
"BENRINNES"	2nd week Sept. do do
"EURYBATES"	10th Sept. do do
"SAMOA"	3rd week Sept. do do
"SAMAFRIC"	3rd week Sept. do do

Agents:
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"TAIPING"	7th Sept. Sydney & Melbourne
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"YUNNAN"	Mid Sept. Australia

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Tel. 26125**The HO HONG STEAMSHIP Co. (1932) Ltd.****S.S. "HONG KHENG"**

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Loading for Singapore and Penang 17th September

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THE HO HONG CO. (CHINA) LTD.
484, Bonham Strand W. Tel. 26127 & 25646**Disposal Of Big Sterling Balance**London, Sept. 5.
An article in the monthly economic journal, the "Banker," discusses the disposal of the £2,500,000,000 balances, of which part is to be immediately released.

It is hoped that the sterling area countries will continue to hold the bulk of the monetary and banking reserves in London and these funds will presumably be invested on short-term issues and, on the present basis, should not cost much over half per cent.

The prewar amount normally on deposit in London on overseas account varied between £500,000,000 and £750,000,000 but given price rises and expansions in note circulations backed by sterling assets, the range may in future lie between £750,000,000 and £900,000,000.

It is impossible to estimate the amount to be cancelled (which will face a great political resistance) but it must be remembered that Britain has substantial military stores etc. in many countries concerned and their disposal to the governments may cut considerably into the balances.

Assuming that some £2,500,000,000 of the total of £3,052,000,000 of sterling balances can be subjected to some form of funding and this amount will be repaid over fifty years with an average interest of one per cent, the annual charge should be around £400,000,000, beginning in 1951. Adding £35,000,000 payable on the United States loan and £10,000,000 on the Canadian, the amount due would be £435,000,000 annually, which is a grim prospect and widely unrealised by the British public.

Writing Off

The bulk of the debt would anyway have had to be funded. Equity claims would in certain cases demand some writing off and Britain would have been compelled to offer convertibility of part of the assets as far as she was able, whether the United States had been granted or not. As Lord Keynes said in a speech in the House of Lords last December, the only way was for Britain to cash the cheques drawn on her. But the Washington agreement raises two handicaps.

Firstly, by setting a time limit, which is bound to impede Britain's freedom of manoeuvre, and secondly, by rescaling in advance the benefit of convertibility of current sterling earnings, thus removing a possible bargaining counter. — Router.

London Stock ExchangeLondon, Sept. 4.
Consols, 2½ per cent 1945/75 97½, Conversion Loan, 3½ per cent 11-7/16, War Loan, 3½ per cent 107½, New War Loan, 3 per cent 108½, Victory Bonds, 4 per cent 118½, German Loan, 4 per cent (Dawes) 11, Japanese Bonds, 5 per cent 1907, 20½, Canton-Kowloon Railway 23, Tientsin Pukow Railway, 5 per cent 27, Lung-Tsing U. Hai Rly, 5 per cent 1913 23, Reorg. Loan, 5 per cent 1913 (London Iss) 51, Crisp Loan, 5 per cent 1911 49, Hukuang Railway, 5 per cent 1911 28, Honan Railway, 5 per cent 1906 32½, Shanghai-Nanking Railway, 5 per cent 20, Mercantile Bank of India, "A" 2½, Chartered Bank of I. A. & C. 12-13/16, H.K. & Shanghai Banking Corporation 89½, Lydenburg Estates 121/3, South Africa Townships 31/1, Selection Trust 46/7, South Africa Torbanites 13/-, Canadian Pacific 20½, Mexican Eagles 13/10, Savings Bonds 3% 1906/65 105½, Savings Bonds 3% 1906/75 107½.—Router.**N.Y. COTTON**New York, Sept. 4.
Cotton declined almost \$2 a bale but recovered most of the loss. Unsettled securities and generally favourable cotton weather report and higher private investments in 1946 crop brought selling. Futures closed 50 to 60 cents lower.
Oct. 35.98, Dec. 35.97, March 35.74-75, May 35.41, July 34.82 bid. Middling spot 36.55.—Associated Press.**CHARTERED BANK DIVIDEND**

A cable from London announces that the Directors of The Chartered Bank of India, Australia & China, have declared an Interim Dividend for the current year of 3½ per cent subject to Income Tax. Dividend payable on 2nd October. This is an increase in the rate of 1½ over the dividend declared for the corresponding period in 1945.

Alexandria, Sept. 4.
Gold, per fine ounce 17s 10d.—Router.**New York Exchanges**New York, Sept. 4.
American A/C Sterling 4.03-7/16, 4.03-9/16, American A/C Sterling 3 Months 4.03-7/16, 4.03-9/16, On Sweden 27.82, 27.85, France 84, 84½, Switzerland (Official) 24.00, 24.25, Switzerland (Free) 23.95 offered, Spain 9.20, Portugal 4.04½, 4.06a, Australia 3.23, New Zealand 3.25, South Africa 4.02½, British East Africa 20.25, India 30.20, China 3.3200, 3.3800, Argentine (Official) 29.75, Argentine (Free) 24.75 offered, Brazil 5.45, Bolivia (Official) 2.09, Bolivia (Free) 2.38, Chile (Official) 5.10, Chile (Free) 3.25, Chile (Export) 4.00, Colombia 55.98, Cuba 100, Ecuador 7.600, Guatemala 100, Holland 37.78, Mexico 20.60, 20.63, Peru 15.500, Uruguay 56.00b, Venezuela 29.50, Netherlands West Indies 53.05, Dutch Guiana 53.35, Montreal on New York 97.000, Swiss Bank Notes rate 28.00, 30.00, Belgian Franc 2.28, 2.28½.**N.Y. STOCK MARKET**New York, Sept. 4.
Closing stock market quotations: Adams Express 16½, Alaska Juneau 6½, American Can 92½, American Smelting 48½, American Telephone 173½, American Waterworks 18½, Anaconda Copper 37, Aviation Corporation 7½, Baldwin Locomotive 23½, Barnsdall 24½, Bendix Aviation 38, Bethlehem Steel 99, Boeing Aircraft 23½, Borden Co. 45½, Canadian Pacific 15½, J. I. Case 30½, Chrysler 97½, Colgate 49, Commercial Solvents 22, Corn Products 64½, Dupont de Nemours 184½, Eastman Kodak 220, Elco Electric 40, General Motors 67½, Goodrich 74, Goodyear 60½, Homestake Mining 39, International Harvester 78½, International Paper 44½, International Tel & Tel 22, Johns**AMERICAN PRESIDENT LINES LTD.**Speed—Frequency—Dependability
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S.S. "GLENAFFRICK" due from U.K. 7th Oct.

M.V. "GLENARTNEY" due from U.K. 18th Sept.

M.V. "GLENSTRAE" loads for Rotterdam, Antwerp, Amsterdam and London about 27th Sept.

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S.S. "PERIOD" due from Sydney 25th Sept.

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